

**MINUTES OF THE
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol

February 4, 2013

Members Present:

Sen. Howard A. Stephenson, Co-Chair

Rep. Bradley G. Last, Co-Chair

Rep. Steve Eliason, House Vice Chair

Sen. Lyle Hillyard

Sen. Patricia W. Jones

Sen. Mark B. Madsen

Sen. Aaron Osmond

Sen. Daniel Thatcher

Sen. Steve Urquhart

Rep. Joel K. Briscoe

Rep. LaVar Christensen

Rep. Steve Handy

Rep. Mike S. Kennedy

Rep. David E. Lifferth

Rep. Carol Spackman Moss

Rep. Jim Nielson

Rep. Kraig Powell

Members Excused:

Sen. Stuart Adams, Rep. Francis Gibson

Staff Present:

Mr. Ben Leishman, Legislative Fiscal Analyst

Mr. Thomas E. Young, Legislative Fiscal Analyst

Ms. Wendy Hill, Secretary

A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov. A list of visitors and a copy of handouts are filed with the subcommittee minutes.

Vice-Chair Eliason called the meeting to order at 8:12 am.

1. Budget Review: Minimum School Program – Basic School Program

Mr. Ben Leishman, Fiscal Analyst, said a new spreadsheet, version III of, “Major Budget-Related Issues for the 2013 General Session” with the requested information from Rep. Eliason is in the binder.

He continued presenting the Minimum School Program (MSP), Basic School Program Brief. A rise in enrollment and its associated cost increase were explained. Mr. Thomas E. Young, Fiscal Analyst, presented information about enrollment growth impacts on the MSP. He separated the data by districts and programs, Related to Basic Programs and Voted and Board Local Levy Programs.

In FY 2012, the Legislature established two WPU Values for programs in the Basic School Program. The primary WPU Value, which funds most programs, increased from the FY 2011 amount of \$2,577 per WPU to \$2,816 per WPU. He explained the reason for the two WPU’s and that a portion of the money went to restrictive programs: Special Education and Career & Technical Education.

Sen. Jones asked about the implications of moving funds above the line on social security and retirement benefits. Mr. Leishman said the redistribution varies in different school districts. A one percent WPU value increase will not pay for a salary increase, pay for retirement and pay for health insurance in school districts. Local boards make decisions on where the money is used. Sen. Jones commented that we ask more from teachers and give less. Co-Chair Stephenson asked for clarification about the different WPU value for Special Education and Career & Technical Education. Mr. Leishman said during the 2011 legislative session some school districts didn’t like the flexible funds moved into restrictive programs.

Approximately \$23.5 million is needed to establish one WPU value that includes the add-on programs. Co-Chair Stephenson supported the suggestion to create one WPU value. Rep. Eliason wanted to know which school districts were concerned about money in restrictive programs and their opinion on one WPU value. Rep. Nielson said two years ago the Subcommittee tried to take the flexible allocation funds and add it to the WPU. Several districts were bothered by this decision and felt they had a net loss. He hoped an increase of the WPU would be fair to all the districts.

Mr. Leishman recommended that the Legislature repeal section 53A 1 408 because it is outdated.

Rep. Christensen questioned the necessity of the repeal of section 53A 1 408 and the \$300,000 deficit in the Growth Fund.

Mr. Leishman reviewed the Brief, “Minimum School Program, Prior Year + Growth and Hold Harmless.” Prior Year + Growth is used to estimate the number of WPUs for the new

school year. If the student population of a Local Education Agency (LEA) is declining, the LEA does not receive growth funding but receives the same number of WPU's accrued during the prior school year. He recommended that the subcommittee consider the impact of the Prior Year + Growth provisions in statute and its effects on declining enrollment in some districts.

Rep. Briscoe and Sen. Jones commented on declining enrollments in the state and the impact of this statute.

Mr. Leishman said the USOE has applied the concept of Prior Year + Growth differently for charter schools. He recommended that the subcommittee adjust the statutory provisions for Prior Year + Growth temporarily to include the current practice for charter schools and approve intent language directing the State Board of Education to develop a plan to ensure that all LEAs use the same student accounting methodology.

Sen. Osmond asked if there will be legislation to make the change. Mr. Leishman said he didn't know of any legislation. He recommended a temporary reprieve until a long term plan from the State Board of Education is ready. Sen. Jones asked for an explanation of the cap on the number of charter schools. Mr. Leishman said originally there was a cap of eight charter schools, later the cap was eliminated and in its place a cap on enrollment was created. The enrollment cap was later removed and substituted with a cap on funding. Sen. Jones wondered if smaller class sizes in charter schools impacts the funding of public schools. Co-Chair Stephenson said charter schools focus on class size because that's where they choose to put their money. He is sponsoring a bill called Student Based Budgeting which would give public schools more flexibility in allocations. Sen. Jones supports local control and wants more funding for public schools. Sen. Madsen was concerned about keeping charter schools distinctive from traditional schools and asked who audited charter schools. Mr. Leishman said it was the State Auditor. Rep. Christensen believed an evaluation of charter schools should be undertaken. Rep. Briscoe said teachers in charter schools are compensated less and their funding is used for class size reduction.

Mr. Leishman said the State Board of Education has not funded the "hold-harmless" the past few years because of insufficient funds.

2. Career & Technical Education Formula Recommendations

Dr. Brenda Hales, Deputy Superintendent, Utah State Office of Education talked about the funding for Career & Technical Education (CTE). Several handouts were distributed. CTE funding allocation models were studied. Research on high-wage, high-demand, high-skill occupations were reviewed. Studies of the demand in the workplace were made. The USOE talked to individual CTE directors in the state and contacted Georgetown University about their study "Career and Technical Education: Five Ways That Pay." The authors of the

study said funding a rigorous academic curriculum is the best preparation for a profession because many people have more than one career. Technology is changing quickly and some training may be obsolete a year later. The USOE began an audit of CTE classes. Computer classes are least attended because of their difficulty. The USOE has not changed the funding formula because of their findings. Academic standards are being up-graded in the courses. Co-Chair Stephenson expressed disappointment with the present circumstances and felt more funding should go to high-wage, high-demand, high-skill courses. Dr. Hales said districts determine how much will be funded to a particular course. The USOE tried to develop a funding formula but realized it created unintended consequences. Sen. Jones said a well-trained, motivated teacher influences students in career paths. Rep. Christensen said the Georgetown study showed high school is a time of discovery and students may not be ready to choose a vocation. Rep. Briscoe asked if shifting funds for CTE courses would cause some courses not to be funded. Dr. Hales said there is always a need for more money. Rep. Briscoe was impressed with the amount of CTE classes and would like data on the demands in Utah for various occupations. Dr. Hales said she has that information and it varies within areas. Rep. Eliason asked for summaries of CTE courses for each district. Ms. Mary Shumway, State Director of Career and Technical Education, said not every district offers the same courses. She mentioned the CTE skills testing program and its tie to the district's funding. It is difficult to find the right funding formula and not upset the school districts in the process. Sen. Hillyard had reservations concerning the amount of money the state can give to CTE. Co-Chair Stephenson noted Georgetown has since published two related studies. He said the study shows we need CTE trained people in specific areas. He felt it was necessary to disrupt the districts CTE programs for improvement to occur. Dr. Hale said last year there were over 3,500 industry certificates awarded through the CTE program and their goal is to double that amount.

3. Adjourn

MOTION: Sen. Thatcher moved to adjourn. The motion passed unanimously.

Vice-Chair Eliason adjourned the meeting at 9:55 am.

Minutes were reported by Ms. Wendy Hill, Senate Secretary

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Sen. Howard A. Stephenson, Co-Chair

Rep. Bradley G. Last, Co-Chair